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SUBJECT: US-EU COASTI CONSULTATIONS PART 1: EAST ASIA

Classified By: USEU Poloff Van Reidhead for reasons 1.4 (b) and (d)

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SUMMARY  
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1. (C) On March 5 in Brussels, SA A/S Rocca and EAP PDAS Keyser -- accompanied by USEU DCM Foster -- discussed US-EU cooperation in South and East Asia with the EU's COASI Troika. This cable covers the EAP portion of the consultations. The SA segment will be reported septel.

-- Indonesia: EU concerned about lack of progress on Aceh and Papua; will send 200 observers for April and July elections; interested in coordinating with U.S. on education reform; Dutch will use EU Presidency to enhance EU support for reform and moderate Islam.

-- Burma: EU stuck between wanting to take firmer action and doubts about effectiveness of sanctions; unsure whether Burmese membership in ARF would be good or bad; will reduce engagement with ASEAN when Burma assumes chair.

-- ASEAN/ARF: EU wants to engage more with ASEAN/ARF and member states, which could pave way for eventual EU-ASEAN or intra-ASEAN FTA; will decrease direct assistance to ASEAN in favor of cooperating on more equal footing.

-- China: EU moving rapidly to improve and deepen relations, but remains concerned about human rights; series of high level visits will culminate in November summit; EU well aware of U.S. views on arms embargo and keen to avoid transatlantic fallout.

-- DPRK: EU grateful for readouts on Six Party Talks; stands ready to help when and as determined by U.S.

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Indonesia: Aceh, Papua, Elections, Education, Timor  
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2. (SBU) Leading for the EU, Dutch Asia Director Robert Milders said that the EU continues to press Jakarta for more transparency on Aceh, including easier access for NGO's. The EU is also increasingly concerned that Indonesia is not following through on its pledge to allow greater autonomy in Papua. The EU will send 200 observers, 64 of whom will be "long-term," to the April (parliamentary) and July (presidential) elections, Milders said, and will examine the calendar for the best time to send a Ministerial troika to support the Indonesian reform program. He also noted that along with Afghanistan, Indonesia would be the Dutch EU Presidency's highest Asia priority. The Netherlands wants to use its term at the EU helm (July through December, 2004) to boost the EU's presence in Indonesia in order to provide more support for Indonesian reform and counter-terrorism efforts, "in coordination with the U.S." Another initiative would focus on developing a "sustained and engaged dialogue with moderate Islam in Indonesia," he said.

3. (SBU) Keyser said the U.S. shared the EU's concerns about Aceh and Papua, and desire to support reforms and engage moderate Islamic forces. The U.S. is also deeply concerned about the kind of teaching going on in Indonesian schools, and was looking at a range of options for promoting education reform. Irish Asia Director Cliona Manahan, representing the EU Presidency, said that the EU also wanted to increase its efforts on education and would welcome ideas from the U.S. Keyser said the U.S. was very interested in coordinating with the EU on these efforts. The Commission Southeast Asia Rep noted that the EC is committing 20 million euros for education in Indonesia this year and was planning 45-50 million euros for the 2005-06 timeframe.

4. (SBU) The EC Rep also expressed concern about the possible pullout from West Timor this year of the UNHCR, a move that would strand 40,000 displaced and vulnerable people currently living in camps on the border. "We hope the U.S. will help us get the UNHCR to change its mind," he said.

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Burma: Holding the Line  
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15. (C) Keyser said that the similarity of U.S. and EU views on Burma offered an opportunity for greater policy coordination. At the same time, though, the U.S. was disappointed that the EU did not enact further sanctions after the May 30 opposition crackdown. The U.S. was also disappointed by ASEAN's reluctance to increase pressure on Burma at its October plenary. Manahan said the EU remained stuck between, on the one hand, wanting to act firmer, and on the other, the perception that additional sanctions would be ineffective and possibly detrimental to Burmese citizens or third countries. The EU was also torn on the issue of Burmese membership in the ASEAN Regional Forum (ARF), she said, with the debate hinging on whether Burmese membership would reflect "constructive engagement or obdurate ignorance." Milders added that without ideas for a clear way forward, the EU would probably simply extend its common position on Burma for another year.

16. (C) Irish Deputy Asia Director Niall Brady said that UNSR Rizali had briefed the EU in Rangoon immediately following his March 1 visit. Rizali told the EU that he saw no signs of softening by the Burmese regime, although he was glad that he had been able to meet with ASSK. Brady said that when the EU demarched Rangoon in October, it had been given the usual line about staying out of internal matters. While the EU was at a loss about how to increase pressure on Burma, all agreed that at a minimum "we need to at least get back to May 29, 2003." Brady added that the EU would also be forced to disengage to a certain extent from ASEAN when Burma assumes the chair in 2006. Chris Holtby of the Council Policy Unit said the EU wanted to remain "side by side" with the U.S. on sanctions and policy, and was concerned that there might be the impression in Washington that the EU was soft on Burma.

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ASEAN/ARF: "Teeth" in the Agenda  
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17. (C) Keyser said while the U.S. and EU shared a common view of ASEAN and ARF, there was room for improvement in U.S.-EU program coordination. He said the U.S. was intent on putting teeth into the agendas of regional fora to make them more effective in the war on terrorism. One way to promote this -- supported by Japan -- would be the creation of a unit within ASEAN/ARF that could plan agendas and carry out work between plenary sessions. The U.S. was not opposed to Japan's signing of the ASEAN Treaty of Amity and Cooperation, he said.

18. (SBU) Referencing the "New Partnership with Southeast Asia" paper endorsed by the European Council in 2003, the EC Rep said that the EU wanted more -- and more effective -- engagement with regional fora and their member states bilaterally. Such efforts could "pave the way" for the eventual creation of an ASEAN or EU-ASEAN Free Trade Area, he said. The EC is also finalizing a draft paper on cooperation with ASEAN in 2005-06. The paper foresees a reduction in direct EU assistance to ASEAN in favor of cooperation on the basis of local ownership. Future EU assistance to ASEAN will therefore be lower than the 70 million euros provided over the past five years. He said also that the EC was considering providing support for ASEAN efforts on border management.

19. (SBU) Milders said he was pleased with the U.S. desire to put teeth in ASEAN's agenda, but was worried that "all the creativity in regional fora were being driven too much by China and Japan." The EU would like to see others -- and not just Singapore -- get more engaged. Keyser agreed, but noted that among the recent creative ideas, the Chinese proposal for a security forum at deputy defense minister level in ASEAN seemed worthy of serious consideration.

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China: "They're All Over Us These Days"  
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110. (SBU) Manahan and Milders said that the EU and China were moving rapidly to improve and deepen relations, although serious problems remained regarding human rights, Tibet and Taiwan. Manahan noted that the Chinese Vice FM Zhou Wenzhong is coming to Brussels soon to meet with the EU Political and Security Committee, and that Premier Wen would follow soon after for a first-ever meeting with the EU institutions. Traveling in the other direction, HiRep Solana plans to visit Beijing this month and Commission President Prodi will follow in early April. The EU and China will also hold a summit in November.

111. (SBU) The Commission East Asia Rep said that the EU just completed its first "seminar" with China to "give form to the enhanced relations." The enhanced relationship will be built around five priorities, he said, reflecting EU support for economic and political reform: a) strengthened political dialogue; b) making sure the human rights dialogue works "favorably;" c) improvements on trade, such as Chinese

implementation of the WTO agenda; d) dialogue on international challenges such as illegal migration; and e) sectoral dialogues on issues such as culture, education, competition, nuclear energy, and customs, among others.

12. (SBU) Holtby drew a parallel between a recent Chinese paper on its relations with the EU and the EU's new European Security Strategy (ESS), saying the two were remarkably similar and pointed to a likemindedness on EU-China relations. The EU wanted to encourage China's recent progress on nonproliferation, but would remain critical of China's human rights record, he said. He noted as well that the EU was taking seriously the ESS call for a stronger strategic "partnership" with China. Manahan said that China, in seeking to use the leverage provided by the EU's desire for enhanced relations, keeps telling the EU that it should not apply conditionality to its strategic partners.

13. (C) Keyser said that the U.S. had enjoyed improved relations with China since 9/11, but was concerned about Chinese backsliding on human rights during the past year. The U.S. has not decided yet whether to seek a resolution on China at the UNHRC this year, and was still hoping that the pressure of a possible resolution would inspire eleventh-hour efforts by China to meet its commitments and our expectations. The Council Secretariat's Ana Ramirez said that the EU needed to adopt conclusions at the March 25-26 European Council on what to do in the UNHRC this season. The EU hoped for a U.S. decision soon, she said, as all were keen to avoid a repetition of last year when the EU had to issue conclusions before knowing what the U.S. positions would be. Manahan said she was cautiously optimistic about China's apparent decision to allow visits this summer by the Special Rapporteurs for Torture and Religious Freedom.

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China: EU Arms Embargo  
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14. (C) Turning to the issue all had been waiting for, Keyser said that U.S. firm opposition to the EU lifting its arms embargo on China was based both on our assessment that China's human rights record had not improved sufficiently and on our assessment that lifting the embargo would upset the strategic balance in the region. If the U.S. were some day obliged to come to the assistance of Taiwan in response to a Chinese attack, we would not want to be faced with advanced weaponry supplied by our European allies. Keyser noted also that with transatlantic acrimony still evident as a consequence of divisions over Iraq, the last thing either the EU or U.S. needed was another major falling out.

15. (C) Manahan said the EU was engaged in a very serious and very thorough review of its embargo and of its Code of Conduct on arms exports (which will govern defense trade with China if the embargo is lifted), and that the Irish Presidency had no desire to rush the process. The EU was very sensitive to the implications for transatlantic relations, she added. Milders said that the arms embargo was "the most important thing" in EU-China relations right now, adding that the EU recognized a year ago that it was time to review the embargo. While the country's human rights record remains spotty, it is clear that China has made much progress since 1989.

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DPRK: EU Ready to Help When Time is Right  
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16. (C) Manahan, who visited North Korea as part of an EU troika in December, thanked the U.S. for providing such prompt and thorough readouts of the most recent round of Six-Party Talks. She said the EU would like to help the process if there was anything it could do, and noted that the DPRK would be the topic of the EU's June COASI meeting. (Comment: In a follow on meeting with Council DG Robert Cooper (septel), Cooper also asked if there was anything the EU could do to help. Mission desk contacts have also begun stressing that the EU stands ready to assist when and as needed. This willingness to help on our terms -- conveyed at all levels with an unobtrusive openness -- contrasts sharply with the EU's irritation last year at feeling left out of the whole process, particularly with regard to the now-defunct KEDO. The turnaround is due to recent U.S. efforts to keep the Europeans in the loop on as Six Party Talks proceed. End Comment.)

17. (C) Keyser briefed the troika on U.S. views about how to proceed with the Six Party Talks, and said that the parties were moving toward creating working groups that could remain operational between the plenary sessions. The EC Rep asked whether the efforts to disrupt North Korea's illicit activities were having a significant impact on the regime. He said also that the EU was "struck" by inchoate efforts at economic reform and was wondering whether to support them in hopes of undermining the regime's closed system. Keyser

responded that while what we do not know about North Korea could fill volumes, the regime appears too strong to be undermined from within anytime soon. On disruption of illegal activities, he said that the Proliferation Security Initiative and the Illicit Activities Initiative appeared to be getting the regime's attention. But since we don't know the level of revenue generated by illegal DPRK activities, we cannot determine with accuracy how much impact the disruptions are having. In any case, Keyser said, the U.S. would continue to pursue vigorously the two initiatives on the merits, since it was the obligation of any nation to defend its citizens and society against illegal activities.

18. PDAS Keyser has cleared this message.

Schnabel